

CASE

NUMBER:

99-420

INDEX FOR CASE: 99-420
WEST MCCRACKEN COUNTY WATER DISTRICT
Deviation
WATER STORAGE

IN THE MATTER OF THE REQUEST OF WEST MCCRACKEN COUNTY
WATER DISTRICT TO FORMALLY DEVIATION ON WATER STORAGE FROM
807 KAR 5:066, SECTION 5(4)

SEQ NBR	ENTRY DATE	REMARKS
0001	10/08/99	Application.
0002	10/15/99	Acknowledgement letter.
0003	11/08/99	FINAL ORDER; CO. GIVEN TO 7/1/2005 TO COMPLY WITH 807 KAR 5:066, SECTION 4(4)



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-420
WEST MCCRACKEN COUNTY WATER DISTRICT

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on November 8, 1999.

Parties of Record:

William Tanner
Superintendent
West McCracken County Water
District
8020 Ogden Landing Road
West Paducah, KY. 42086

Stephanie D. Bell

Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

IN THE MATTER OF THE APPLICATION OF)	
WEST MCCRACKEN COUNTY WATER DISTRICT)	
FOR A DEVIATION FROM THE REQUIREMENTS)	CASE NO.
OF 807 KAR 5:066, SECTION 4(4), REGARDING)	99-420
WATER STORAGE)	

O R D E R

On October 8, 1999, West McCracken County Water District ("West McCracken W. D.") applied for permission to deviate from Commission regulation 807 KAR 5:066, Section 4(4), which requires that each utility maintain minimum water storage of one day's supply of its average daily usage. West McCracken W. D. states in its application that funding for a 500,000 gallon elevated water storage tank has been accepted with construction to begin on or about July 1, 2000.

The Commission, having reviewed the application and being otherwise sufficiently advised, finds that:

1. West McCracken W. D. is not in compliance with Commission regulation 807 KAR 5:066, Section 4(4).
2. Because of the time needed to plan, finance, rebid, and construct water storage facilities, West McCracken W. D. should be given until July 1, 2005 to comply with 807 KAR 5:066, Section 4(4).

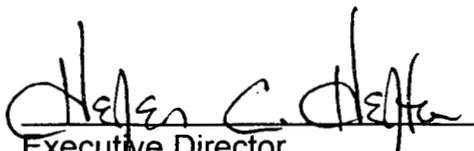
IT IS THEREFORE ORDERED that:

1. West McCracken W. D. is given until July 1, 2005 to comply with the provisions of 807 KAR 5:066, Section 4(4).
2. West McCracken W. D. shall take all necessary actions to bring its water storage facilities into compliance with Commission regulations prior to or by July 1, 2005.

Done at Frankfort, Kentucky, this 8th day of November, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 15, 1999

William Tanner
Superintendent
West McCracken County Water
District
8020 Ogden Landing Road
West Paducah, KY. 42086

RE: Case No. 99-420
WEST MCCRACKEN COUNTY WATER DISTRICT
(Deviation) WATER STORAGE

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received October 8, 1999 and has been assigned Case No. 99-420. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/1h



WEST MCCRACKEN COUNTY WATER DISTRICT

8020 Ogden Landing Road

West Paducah, KY 42086

William A. Tanner, Superintendent

Howard Pulley, Chairman

October 5, 1999

MR GEORGE W WAKIM
MANAGER, WATER & SEWER BRANCH
PUBLIC SERVICE COMMISSION
PO BOX 615
FRANKFORT KY 40602-0615

RECEIVED

OCT 08 1999

PUBLIC SERVICE
COMMISSION

Dear Sir;

Attached please find an original and seven copies of our request for a formal deviation on water storage. ^{CASE 99-420}

Pending approval from EDA, we anticipate completion of a new storage tank by the end of 2000.

If there are any questions, please call me.

Sincerely,

William A. Tanner

PUBLIC SERVICE COMMISSION

RECEIVED

OCT 08 1999

PUBLIC SERVICE
COMMISSION

CASE 99-420

APPLICATION

This application has been prepared by the Commission to assist those utilities seeking approval to maintain less water storage than the average daily usage prescribed by 807 KAR 5:066, Section 5(4) or additional time to bring their water storage into compliance.

WEST MCCRACKEN COUNTY WATER DISTRICT

Name of Utility

8020 OGDEN LANDING ROAD

Address

WEST PADUCAH

KY

42086

City

State

Zip Code

Telephone Number

270

442-3337

Area Code

Number

I. BASIC INFORMATION

Name, Title, Address and telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: BILL TANNER

Address: 8020 OGDEN LANDING ROAD

WEST PADUCAH KY 42086

Telephone Number: 270/ 442-3337

II. FILING REQUIREMENTS

An original and seven copies of the completed application should be sent to:

Kentucky Public Service Commission
Executive Director's Office
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

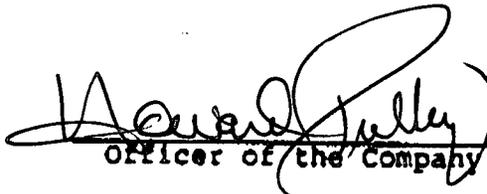
Telephone 502/564-3940

All correspondence and responses to supplemental information requests should also be sent to this address.

Copies of this form may be obtained from the Commission's Office of Executive Director; or by calling 502/564-7167.

I have read and completed this Application and to the best of my knowledge all the information contained in this Application is true and correct.

Signed



Officer of the Company /HOWARD PULLEY

Title

CHAIRMAN/BOARD OF COMMISSIONERS

Date

Please answer all questions completely. Attach additional sheets, if necessary.

1. Provide the current average daily usage on the system. This should include all water sold, utility water usage and unaccounted-for-water.

1998	388,000 gpd
1999 Thru August	407,000 gpd
Accounted Usage	1999 3.3%
Unaccounted Usage	1999 2.6%

2. Provide the number, type, and capacity of any water storage tanks on the system.

One Elevated 250,000 gallon tank

3. Provide a list of all large volume customers served by the system and the usage of each. Also state whether these customers have storage facilities and their capacity. Do not list customers who are purchasing less than 5 percent of the average daily usage. Also state which, if any, of these customers can be interrupted during emergencies.

Tyler Mountain Water Company	100,000 gpd	No Storage
TVA Shawnee Power Plant	100,000 gpd	No Storage
DOE Bleed	20,000 gpd	No Storage

DOE can be interrupted at any time without adverse impact. Tyler and TVA usage can be restricted or interrupted depending on the severity of the emergency.

4. Provide a list of critical health care facilities served by the system. Also state whether these customers have storage facilities and the capacity.

NONE

5. State whether the system produces or purchases its water. If part or all of the system's water is purchased provide the supplier's name and gallonage purchased.

All water is purchased from Paducah Water Works. No limit on amount purchased.

6. If a supplier of the system has storage capacity or reserves storage capacity for benefit of the system, state the capacity, the proximity to the master meter, and provide a copy of the purchase agreement. The purchase agreement should specifically mention the terms of interruptability.

Paducah Water Works has 9,275,000 gallons of treated water storage. PWW has an average daily demand of approximately 7 mgd. None of their storage is reserved for the exclusive benefit of this system. PWW storage is approximately 10 miles from our master meter. Purchase agreement is attached. In 32 years the only service interruptions have been due to main breaks and of durations less than 6 hours.

7. Provide a technical summary of operational deficiencies of the system that are known from experience or that are indicated by hydraulic analysis. This should include a list of outages that occurred in past years. The cause and duration of any outages, customer complaints, areas of low pressure, and the availability of standby equipment, repair equipment, and contractors.

The only known operational deficiency is lack of storage for emergency conditions. Present system meets all demands with sufficient pressure and flow. Therefore, no areas of low pressure. Only outages have been isolated due to typical main breaks which generally result in loss of service for four hours or less. We maintain complete inventory of main repair parts and equipment. We bid contractor services for repair, contractor has a two hour response requirement.

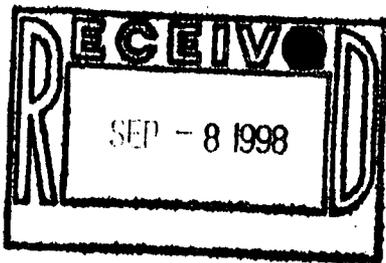
8. Provide information on the growth potential for the system. This should include the number of new customers added per year, and the possibility of extensive development (e.g., new subdivisions, businesses, etc.).

Over the past six years we have averaged one new subdivision and 50 new services per year. Majority of increased water demand is due to industrial customers (TVA and Tyler Water). We do serve large areas where subdivision and/or industrial development is possible.

9. Describe any planning to date, to bring the system into compliance with Commission regulations. This should include efforts to secure financing for the construction of additional storage facilities as well as the estimated compliance date. If no planning has taken place, explain why not.

We have received an EDA grant of \$450,000 for an elevated storage tank (see attached letter). This tank will supply the pressure zone which serves TVA and Tyler Water. This is also the area of greatest potential for industrial development. Present plans are to install a 500,000 gallon tank. Bids were received July of this year but were excessively high. We have instructed our engineers to redesign and to rebid (letter of proposed changes is attached). To date we have spent approximately \$50,000 for land, design and installation of pressure valves which will operate the proposed tank. Additional financing will be through a local bank.

Upon receipt of acceptable bids, all information, including local financing, will be submitted to PSC.



U.S. DEPARTMENT OF COMMERCE
Economic Development Administration
ATLANTA REGIONAL OFFICE
Suite 1820
401 West Peachtree St., N.W.
Atlanta, Georgia 30308-3510

In reply refer to:
Award No. 04-19-59020

SEP 4 1998

The Honorable Danny Orazine
County Judge/Executive
McCracken County
301 South 6th Street
Paducah, Kentucky 42001
and
Arthur S. Curtis, Chairman
West McCracken Water District
8020 Ogden Landing Road
West Paducah, Kentucky 42086

Dear Judge Orazine and Mr. Curtis:

We are pleased to inform you that the Economic Development Administration (EDA) has approved a Financial Assistance Award in an amount not to exceed \$450,000 issued pursuant to your application for Federal assistance to construct a new 500,000 gallon elevated water tank.

The total project cost is \$684,500, which is based on the line item estimates contained in Attachment No. 1.

Enclosed are three signed copies of the Financial Assistance Award. Your agreement to the terms and conditions of the award should be indicated by the signature of your principal official on all of the signed copies of the Financial Assistance Award. Two of the executed copies should be returned to the Director, Atlanta Regional Office, Economic Development Administration, Suite 1820, 401 West Peachtree Street, N. W., Atlanta, Georgia 30308-3510.

You are cautioned not to make any commitments in reliance on this award, nor to enter into negotiations relative hereto, until you have carefully reviewed the terms and conditions and have determined that you are in compliance or that you can comply therewith. Any commitments or undertakings entered into prior to obtaining the approval of the Government in accordance with its terms and conditions will be at your own risk.

Sincerely,

William J. Day, Jr.
Director, Atlanta Region

Enclosures

August 12, 1999

Mr. Donald P. Spann
Project Manager
U.S.D.O.C.
Economic Dev. Adm.
Atlanta Regional Office
Suite 1820
401 West Peachtree Street, N.W.
Atlanta, GA 30308-3510

**Re: West McCracken County Water District
West Paducah, Kentucky
EDA Project No. 04-19-59020
F&H Job No. 98010**

Dear Don:

As previously discussed, bids for the new 500,00 gallon water tank associated with the above-referenced project were significantly higher than the engineer's estimate. As a result, the District is faced with modification of the tank design to reduce the cost of the project. I have met with Mr. Bill Tanner, District Manager, to discuss design modifications which can be implemented to reduce costs. I have enclosed a copy of a previous letter which was forwarded to Mr. Tanner concerning cost reduction alternatives. The observations and recommendations presented in the letter were based on discussions with the two bidders for the project. During our meeting, Mr. Tanner and I agreed that we should seek your office's approval to modify the design of the tank summarized as follows:

1. Downgrade Seismic Design Criteria

The earthquake zone map in the AWWA D100 is difficult to interpret for the project area. The area is located near the boundary of Zone 2A and Zone 3. The project specifications were written for Zone 3 seismic conditions. We believe after further review that the zone rating for the project area can be reduced to Zone 2A. Refer to the discussion in the enclosed letter. Using Zone 2A criteria, we estimate a savings of \$170,000.00 can be achieved. In order to obtain this savings, we will need to allow the contractor to batter the tank legs. Our review of the site indicates that ample room is available for a typical industry batter of 3/4 on 12.

2. Reduce Corrosion Allowance

We are recommending that the corrosion allowance be removed from the specifications. Our specifications include a durable protective coating system for interior and exterior surfaces. Additionally, we have included a cathodic protection system in the tank design. We project a cost savings of \$20,000.00 if the corrosion allowance is removed from the specifications.

Mr. Donald P. Spann
August 12, 1999
Page 2

3. Remove Chlorine Building from Specifications

During the plan development phase, the District requested that the plans reflect the District supplying a portion of the materials and labor associated with the installation of a chlorine injection system and a portion of the feed line from the District's main to the valve vault. We included notes in the specifications and drawings pertaining to the materials and work to be supplied by the District. In our discussions with bidders, it was indicated that the documents were still somewhat confusing regarding who was to supplying certain materials associated with the chlorine system. To simplify the project, it was recommended that the chlorination system, chlorine building, and other miscellaneous items be removed from the contract entirely. It was suggested that the contractor provide openings in the valve vault and building slab for conduits, pipes, etc., associated with the chlorine system. The District could then purchase the chlorination system and shelter and have them installed using force account labor. The vendors indicate that their bids would be reduced by approximately \$30,000.00. We are projecting that the District's cost for purchasing and installing the chlorination equipment will be approximately \$15,000.00. Modification of the design to reflect this recommendation is projected to result in a \$15,000.00 savings.

4. Delete Dry Riser Pipe

Bidders indicate that if we change the design of the tank from a dry riser to a wet riser, we could realize a savings of \$20,000.00.

5. Reduce Height of Tank

The proposed height of the tank was approximately 155 feet to the overflow. Bidders indicate that this height added an extra bay of bracing. Bidders indicate the reduction of the tank height to 140 feet \pm would reduce the cost of the tank approximately \$30,000.00.

6. Alter Style of Tank

The current tank design is for a 56 feet diameter and 30 feet head range. Bidders indicate that if we change the plans and specifications to enable the construction of a 50 feet diameter 37 feet head range tank, we could realize a savings of approximately \$20,000.00. We have evaluated the impact of lowering the tank from a systems hydraulic standpoint. Please refer to the enclosed letter for our conclusions.

7. Reduce Design Capacity of Tank

An engineering report completed for the District by Civil Design Group, Inc. estimates that the District's total average daily demand will be approximately 650,000 gallons per day in the year 2017. The District currently has 450,000 gallons of storage. Reducing the size of the new elevated storage tank to 400,000 gallons would still enable the District to meet the projected storage requirements at the end of the 20-year planning period. The estimated savings if the design capacity is reduced to 400,000 gallons is \$50,000.00.

If each of the recommendations presented herein, the estimated budget for this project may be reduced as per the following summary.

Mr. Donald P. Spann
 August 12, 1999
 Page 3

No.	Item Description	Est. Savings
1	Downgrade Seismic Design Criteria to Zone 2A	\$170,000.00
2	Eliminate Corrosion Allowance	20,000.00
3	Remove Chlorine Building and Other Misc. Equipment from Contract and Install Using Force Account	15,000.00
4	Delete Dry Riser Pipe	20,000.00
5	Reduce Height of Tank	30,000.00
6	Alter Style of Tank	20,000.00
7	Reduce Size of Tank to 400,000 Gallons	50,000.00
	Potential Savings	\$325,000.00

The original budget for construction of the elevated storage tank was \$635,000.00. The low bid for the elevated storage tank was approximately \$980,000.00. With the project cost reduction measures presented herein, it appears that the project cost would be reduced to approximately \$655,000.00 not including force account costs. It would be our recommendation to modify the documents as outlined herein to reflect the recommended changes and procure bids.

We have reviewed the project schedule with Bill Tanner and are requesting the EDA's consideration of a revised schedule for this project. Our request is as follows:

1	Modify Bid Documents	Sept. 1 - Nov. 1, 1999
2	Advertise for Bids	Nov. 1
3	Open Bids	Dec. 1
4	PSC Review	Dec. 15 - Feb. 28
5	Contract Award	March 1
6	Construction	March 1 - October 31

Please review the recommendations presented herein. We request your approval of the above recommendations prior to proceeding further with this project.

Sincerely,

FLORENCE & HUTCHESON, INC.

Roger L. Colburn, P.E.

RLC:th/98010

cc: Bill Tanner

- CONTRACT FOR WATER SERVICE -

RECEIVED
OCT 08 1999
PUBLIC SERVICE
COMMISSION

This CONTRACT FOR WATER SERVICE, made and entered into as of this _____ day of _____, 1966, by and between the WEST McCracken County Water District, a Water District created under and existing by virtue of, the provisions of Chapter 74 of the Kentucky Revised Statutes, situated in McCracken County, Kentucky (hereinafter sometimes referred to as the "District"), and the CITY OF PADUCAH, KENTUCKY, a municipal corporation of the Second Class, situated in McCracken County, Kentucky, acting by and through its Board of Commissioners as its duly authorized governing body (hereinafter sometimes referred to as the "City");

W I T N E S S E T H:

(A) The West McCracken County Water District is a duly organized, created, and presently existing de jure Water District under the provisions of Chapter 74 of the Kentucky Revised Statutes. The District was created by virtue of an Order entered by the County Court of McCracken County, Kentucky, on October 30, 1962. As created, and as the District presently exists, said West McCracken County Water District embraces a substantial area of McCracken County in close proximity to the City of Paducah, Kentucky.

(B) The City of Paducah, Kentucky, is a municipal corporation of the Second Class, situated in McCracken County, Kentucky. The City is located in close proximity to the boundaries of the West McCracken County Water District, but is not included within the corporate limits of said District. The City of Paducah, Kentucky, has long owned and operated the Paducah Water Works, its municipal waterworks and water distribution system, which renders water service to retail

FINES (C. 1962)

customers both within the corporate limits of said City of Paducah, Kentucky, and outside said corporate limits in accordance with the provisions of Section 96.150 of the Kentucky Revised Statutes.

(C) The West McCracken County Water District, McCracken County, Kentucky, has entered into a Loan Agreement with the United States of America, acting through the agency of the Housing and Home Finance Agency of the United States. Said Loan Agreement is identified by governmental agencies as Project No. PFL-Ky-170; Contract No. H-302-2928. Pursuant to said Loan Agreement, said West McCracken County Water District has agreed to issue, and said Housing and Home Finance Agency of the United States has agreed to purchase, a certain principal amount of said District's "Waterworks System Revenue Bonds," dated October 1, 1965, for the purpose of providing funds to defray the costs of constructing a new water distribution system to serve the territory encompassed by West McCracken County Water District. It is provided as a Special Condition to said Loan Agreement No. PFL-Ky-170, that West McCracken County Water District enter into a valid contract with the City of Paducah, Kentucky, for the purchase of a supply of potable water sufficient to meet the present and future needs of said District for a period of not less than forty (40) years, which is the term of said bond issue. The West McCracken County Water District and the City of Paducah, Kentucky, have entered into negotiations regarding the feasibility of the District obtaining its water supply from the City of Paducah, Kentucky, and based upon said negotiations and studies it has been ascertained and agreed by and between the parties that the City of Paducah, Kentucky, will be able to serve the District pursuant to contract with a pure and adequate supply of treated potable water in quantity adequate for the needs of the District at a reasonable rate.

NOW, THEREFORE, IN CONSIDERATION OF ALL OF THE FOREGOING AND THE VARIOUS REPRESENTATIONS, COVENANTS, AND UNDERTAKINGS HEREINABOVE AND HEREINAFTER CONTAINED, THE PARTIES HEREBY SPECIFICALLY AGREE AND COVENANT EACH WITH THE OTHER, AS FOLLOWS:

Section 1. The West McCracken County Water District, McCracken County, Kentucky, hereby agrees to purchase an unlimited volume of pure, treated, potable water in accordance with the terms of this CONTRACT FOR WATER SERVICE from the City of Paducah, Kentucky, and said City of Paducah, Kentucky, agrees to sell an unlimited volume of pure, treated, potable water to the West McCracken County Water District, McCracken County, Kentucky, at a water rate or charge to be paid by the Water District of \$0.28 per thousand gallons. In the event the demand of the District exceeds 1.2 million gallons per day, it is hereby agreed by the parties hereto that the District may, in writing, delivered to the City not more than ninety (90) days after the end of the first calendar month in which the demand exceeded an average of 1.2 million gallons per day, notify the City that it has elected to cancel this contract, but said cancellation of the contract shall not be effective until the District has paid to the City, for expense already incurred by the City in order to perform this contract, the maximum sum of \$43,444.43, less amortization of said sum at the rate of seven cents (7¢) per 1,000 gallons for water previously sold to the District under this contract and plus interest at the rate of five per cent (5%) per annum on the unamortized balance of said sum, computed semiannually, or has paid to the City, in cash, the balance due, in lieu of purchasing water. In the event that this contract is cancelled as provided in this section, the City will continue to furnish water under this contract until the District has established its source of supply. However, in this event, the City will not be obligated to furnish more than 2 million gallons per day.

It is understood that the West McCracken County Water District will operate its own municipal water distribution system and will serve its own retail water consumers. No tapping fees will be exacted from any customers served by the West McCracken County Water District's municipal water distribution system for the benefit of the City of Paducah, Kentucky, and Water District's water customers shall be customers of the District only and not the City, the District itself being the customer of the City.

Section 2. It is hereby specifically agreed and covenanted between the parties that the water rate to be paid to the City by the District, as set forth in Section 1 hereof, shall not be increased or decreased except in accordance with the rules and policies set forth in this Section. (In that connection, it is agreed that in the event the City increases or decreases its basic rate as charged to direct water consumers within the City of Paducah, Kentucky, the water rate charged to the Water District shall be proportionately increased or decreased in accordance with the formula devised by Alvord, Burdick & Howson, Consulting Engineers, as set forth in a written statement of rate policy submitted by said firm to H. B. Gibbons, Director of the Paducah Water Works, under date of November 20, 1962.)

Section 3. It is agreed that the amount of water purchased by the West McCracken County Water District from the City in any one month, shall be determined, as follows:

The District will install, at its expense and under the supervision of the City, a master meter to meter and measure treated water entering the distribution system of the West McCracken County Water District. Said meter is to be situated in the vicinity of the intersection of Cold Springs Road and Old Cairo Road, in McCracken County, Kentucky. Said master meter shall be of such type as may be approved

by the City of Paducah, Kentucky, and shall be connected to the water facilities of the City of Paducah at said location, as aforesaid, under the supervision and inspection of the officials of both the City and the District. The City of Paducah, Kentucky, shall have the right, upon giving notice to the Water District, to test and repair said meter at the expense of the District at such time or times as the City shall deem necessary, and both parties shall have access to said meter at any and all reasonable times for inspection and reading purposes. It is agreed by and between the parties that the amount of water consumed monthly by the District, and to be paid for by the District, shall be deemed to be that amount registered by the master meter, described as aforesaid.

Section 4. It is understood and agreed that the West McCracken County Water District will install a booster pumping station near the master meter connection through which it will maintain required pressure for its proposed water distribution system. The City of Paducah, Kentucky, will not undertake to provide pressure for any part of the water distribution system of West McCracken County Water District. However, the City will undertake to provide adequate pressure at the master meter to assure that the District will be provided an adequate supply of treated water at all times, subject to the provisions of Sections 1 and 5 of this Contract.

Section 5. If at any time during the term of this CONTRACT FOR WATER SERVICE, the City of Paducah is unable to furnish water to the District because of an emergency situation or an unforeseen and unusual water demand within the City of Paducah, or on account of water system breakdowns, strikes, civil disorder, or other causes beyond its control, the City may discontinue service during said temporary period. The City does, however, agree that in such event it will re-establish water service to the District as quickly as possible within the limits of its legal and physical abilities.

Section 6. It is agreed and understood that the West McCracken County Water District will not at any time sell treated water to any consumer at a rate lower than that rate paid by similar customers to the City of Paducah within the corporate limits of the City.

Section 7. The City shall at all reasonable times have the right to inspect and examine the plans and specifications for, and the completed water distribution system of, the West McCracken County Water District. It is agreed that during the term of this CONTRACT FOR WATER SERVICE the District shall satisfy its entire water needs from the City, and that said District will not operate any waterworks system in competition with the City, nor seek to satisfy any part of its water needs from any other source or party. No connection will be made between any facilities of the District and any well or other source of water supply, and there shall be no "cross connections" of any kind in connection with said water distribution system of the District. The District agrees to indemnify and hold harmless the City of Paducah, Kentucky, on account of any and all expenses, losses, damages, or claims for damages incident to the construction, installation, maintenance and operation of its water distribution system.

Section 8. Charges for water furnished under this Contract shall be payable monthly, and within fifteen (15) days of the rendering of a statement from the City of Paducah to West McCracken County Water District. Bills will be rendered and charges paid in accordance with rules and regulations now in effect or which may from time to time be adopted and revised by the City of Paducah, Kentucky, governing the payment of charges by consumers of water.

Section 9. The City of Paducah, Kentucky, recognizes and understands, as specifically mentioned aforesaid, that the water distribution system to be constructed by West McCracken County Water District

will be financed by the District by the issuance of Waterworks System Revenue Bonds, which bonds will be amortized solely from the income and revenues of the water distribution system of the District. In order to give proper assurance to the United States of America and to the holders of any and all of such Revenue Bonds, concerning the furnishing of water service under this Contract, the City of Paducah agrees that it will continue to supply water to West McCracken County Water District from the same source and of the same purity and potability as furnished to its customers within the City of Paducah, Kentucky, under the terms and provisions as herein stated for a period of forty (40) years from the date when said District's proposed issue of "Waterworks System Revenue Bonds" is actually sold and delivered, subject only to temporary discontinuance by reason of the existence of an emergency or of a temporary unusual water demand within the City of Paducah, Kentucky, as hereinabove more particularly stated, or unless this Contract is cancelled as provided in Section 1 hereof.

Section 10. West McCracken County Water District agrees to submit a complete copy of all plans and specifications for the construction of its water distribution system and any extensions thereto to the City of Paducah for their review and approval. Upon completion of the water distribution system or any extensions thereto, the West McCracken County Water District will provide the City of Paducah one copy of "plans as built" and a copy of their Engineer's certification that construction has been accomplished in accordance with plans and specifications approved by the Kentucky Department of Health. Failure of the District to comply with the provisions of this paragraph shall be considered a breach of this contract.

Section 11. This CONTRACT FOR WATER SERVICE shall be binding upon, and shall inure to the benefit of, all of the parties hereto and

successors in interest, grantees, assignees, heirs, and assigns, and all parties taking any interest from said parties. If any section, clause, or provision of this Contract shall be held invalid, such holding of invalidity shall not affect the validity of any remaining section, clause, paragraph, portion or provision of this Contract.

IN WITNESS WHEREOF, the parties hereto have hereunto caused their names to be affixed as heretofore duly authorized.

CITY OF PADUCAH, KENTUCKY

(SEAL)

By _____
Mayor

ATTEST:

City Clerk

WEST McCracken COUNTY WATER
DISTRICT

(SEAL)

By _____
ARTHUR CURTIS
Chairman

ATTEST:

JAMES ALLEN
Secretary